



**Director of  
Central  
Intelligence**

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*Wednesday  
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**Top Secret**

25X1

## Contents

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**Lebanon: Military Lines Stabilize** ..... 1

**France-Iraq: Aircraft Sale Goes Ahead** ..... 2

**Sudan: More Trouble for Nimeiri** ..... 4

**Canada: Separatists Support New Federal Party** ..... 5

**EC: Foreign Ministers' Meeting** ..... 6

**Central America: Statement of Objectives** ..... 7

**Philippines: Commission Suspends Hearings** ..... 7

## Special Analysis

**Portugal: President Eanes's Visit** ..... 10

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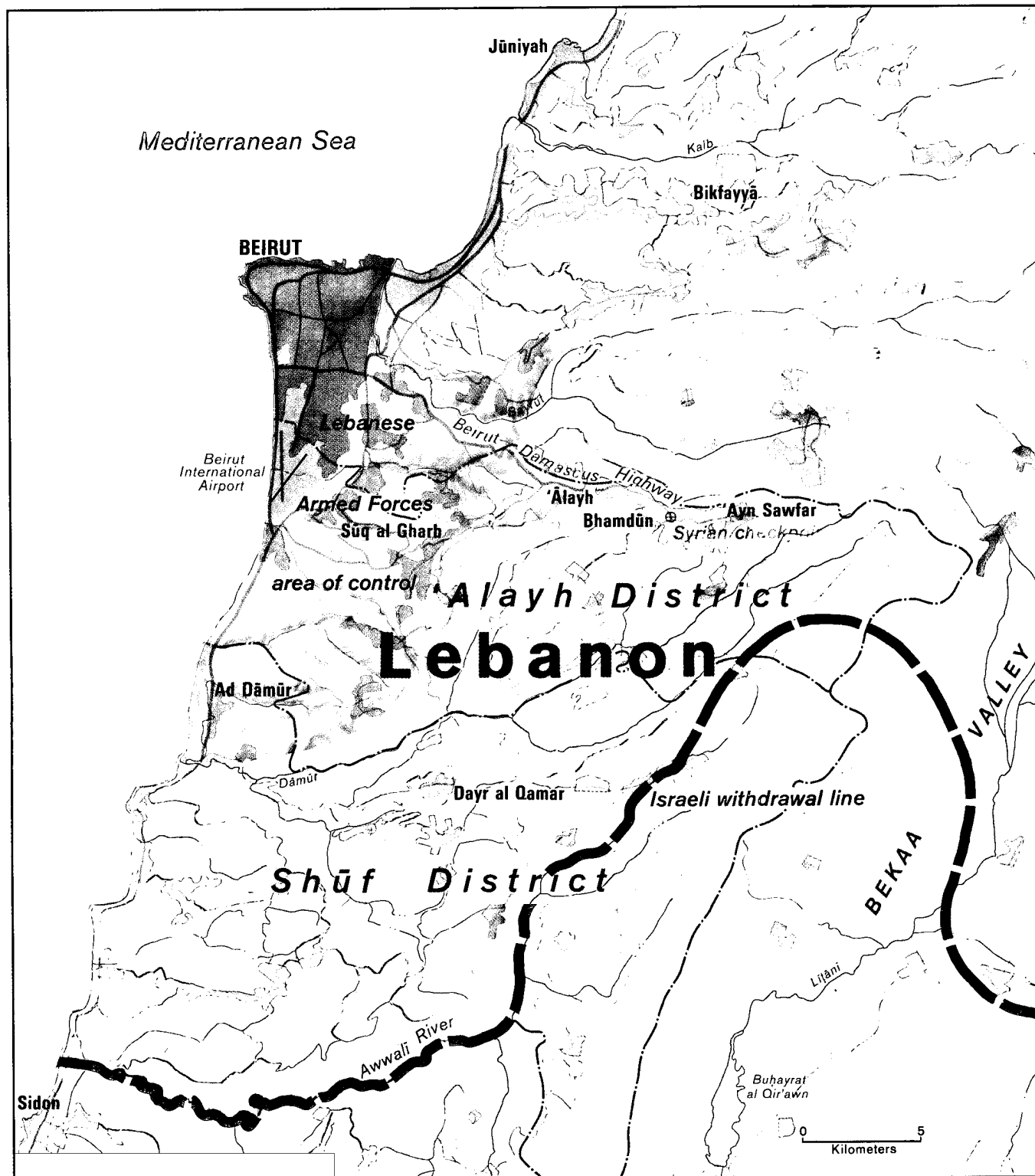
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14 September 1983

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14-September 1983

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**LEBANON: Military Lines Stabilize**

*The Lebanese Army has stabilized its position along the ridgeline between Alayh and Ad Damur, and Druze and Palestinian activity appears limited to sporadic shellings.* [REDACTED]

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Occasional clashes occurred in Beirut's southern suburbs yesterday, but no major fighting has developed in the hills overlooking Beirut. [REDACTED]

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Western military attaches traveling on the Beirut-Damascus Highway last Sunday observed a Syrian military checkpoint in Bhamdun manned by soldiers of the Rifaat Assad Defense Companies. This checkpoint is about 4 kilometers west of Ayn Sawfar, the frontline of the Syrian Army before the Israeli withdrawal to the Awwali River. [REDACTED]

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**Comment:** The current lull is probably due to the temporary exhaustion of government and Druze forces. Druze leader Walid Junblatt may hope to consolidate Druze control as far south as the Awwali River, and more fighting could develop in the Shuf District. [REDACTED]

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Junblatt may consider the withdrawal of at least some elements of the Christian militia as a positive development. The continued close cooperation between the militia and the Lebanese Army, however, will remain a source of concern to the Druze. [REDACTED]

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A Syrian presence in Bhamdun may be only temporary and intended to provide security for Syrian logistic support to Druze and Palestinian forces in the Shuf. It could also be an attempt by Damascus to reestablish its claim to territory lost to the Israelis in June 1982. [REDACTED]

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14 September 1983

**Top Secret**

25X1

**FRANCE-IRAQ: Aircraft Sale Goes Ahead**

*The French remain firm in their intention to sell five Super Etendard fighter-bombers to Iraq, asserting that giving Iraq the capability to attack Iranian oil facilities will help bring Iran to the negotiating table.* [REDACTED]

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French press reports on Monday stated that Iraq will take delivery of the aircraft at the end of this week, when Iraqi pilots complete training at a French military airfield. [REDACTED]

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[REDACTED] Early last week, however, a senior French Foreign Ministry official told the US Embassy in Paris that delivery was not imminent and hinted that France might find ways to delay it.

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The French continue to stress to US Embassy officers that the sale is intended to help bring Iran to negotiate by enabling Iraq to strike facilities that handle Iranian oil exports—Iran's primary source of revenue to continue the war. French officials express the belief that Iran would not attack other Persian Gulf states in retaliation for Iraqi strikes on its oil facilities. Unless the current economic imbalance between Iran and Iraq is redressed, the French reportedly believe Iran might win, with disastrous consequences for the Gulf states.

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**Comment:** If the French were to impose a short delay, they would attempt to use the time to assuage concerns of their allies and Gulf states that Iraqi strikes on Iranian oil facilities would widen the war in the Gulf. If the French believed an Iraqi capability of this type were the key to bringing Iran to the negotiating table, they would be unlikely to place restrictions on Iraqi use of the aircraft. [REDACTED]

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**Top Secret**

25X1

**SUDAN: More Trouble for Nimeiri**

*President Nimeiri, already facing increased opposition in the Army, in the south, and from the public at large, last week instituted sweeping Islamic law measures that will further alienate many Sudanese.* [REDACTED]

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Sudanese security officials believe that military participation in an alleged plot to oust Nimeiri was more extensive than first thought. [REDACTED]

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[REDACTED] Many Sudanese, however, doubt that the 18 soldiers detained so far were really plotting to overthrow the government. [REDACTED]

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Unrest continues to fester in the south. [REDACTED]

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In a move he claims is intended to combat rising crime, Nimeiri last week decreed a series of laws to "Islamicize" Sudan's legal system. Alcohol and gambling were outlawed, and severe Islamic punishments were mandated for many crimes. Khartoum, meanwhile, is still suffering from serious shortages of fuel, electricity, and drinking water. [REDACTED]

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**Comment:** The arrests in the military—while likely to eliminate the immediate threat of any coup—will probably strengthen a growing belief among the public that Nimeiri is losing his political poise. The imposition of Islamic laws will heighten dissatisfaction with the regime among non-Muslim southerners and secular and leftist groups. [REDACTED]

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The new legal measures, however, have long been sought by Sudan's influential Muslim Brotherhood and other Islamic fundamentalists. Their enactment probably assures Nimeiri of their continued support. [REDACTED]

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**EC: Foreign Ministers' Meeting**

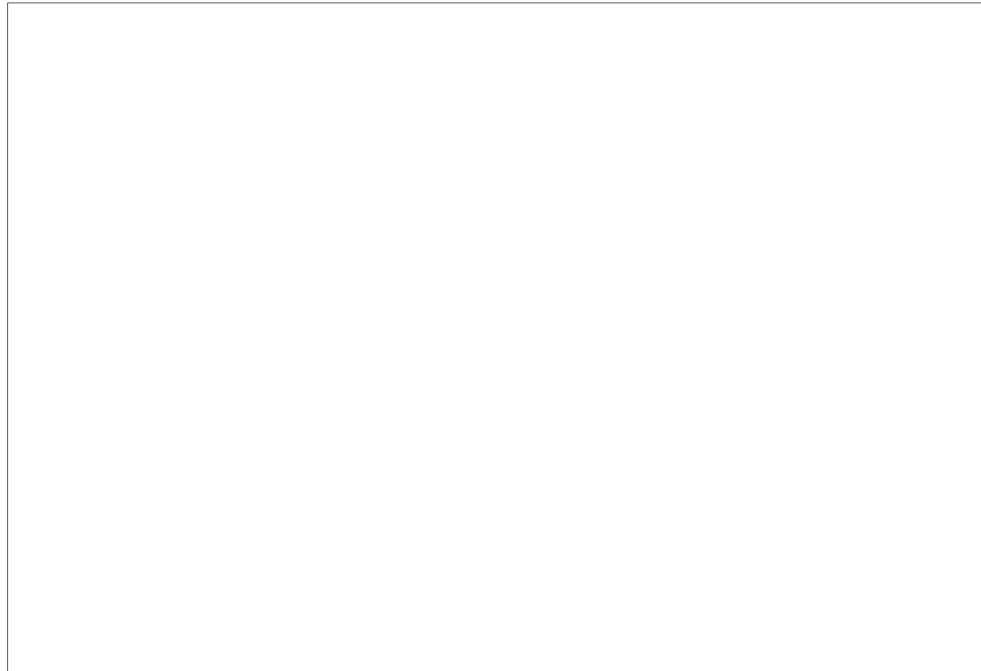
Greece and the other nine EC members clashed over East-West issues at the EC Foreign Ministers' meeting in Athens on Monday. Greece prevented a condemnation of the USSR for the shootdown, and the Ten's final statement expressed only "deep emotion" about the incident. After what the West Germans have privately described as "vehement controversy," the other Foreign Ministers refused to consider Greece's call for a six-month delay in INF deployment. The Ten called for an immediate cease-fire in Lebanon but put off consideration of Greece's proposal for an EC factfinding mission to the Middle East.

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**Comment:** Most members had hoped that Greece's maverick Socialist government—which currently presides over the EC political cooperation process—would either moderate its stands or state its reservations without blocking action by the other nine. The Ten are unlikely, however, to change present practices prohibiting joint action on world issues against the express wishes of a member state.

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**CENTRAL AMERICA: Statement of Objectives**

The document listing 21 objectives, which was approved recently by the five Central American Foreign Ministers and by the Contadora countries—Mexico, Venezuela, Colombia, and Panama—is unlikely to improve near-term prospects for a regional peace agreement. Key provisions include a halt to the military buildup in the region, elimination of arms traffic and other destabilization efforts, and support for democratization including access to the electoral process. According to Mexican officials, the document is not to take effect until approved by each of the five Central American nations. [ ]

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**Comment:** The broad statement of objectives appears intended to reconcile conflicting initiatives previously offered by Nicaragua and the other Central American countries. It may reflect a growing willingness of the Contadora nations to settle for a treaty based on the lowest common denominator. The vagueness of the document will allow the Sandinistas and other Central American states to interpret the articles on democratization and elections to their own advantage. Although the document will help keep the Contadora process alive, it will be difficult to reach specific agreements at subsequent meetings.

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**PHILIPPINES: Commission Suspends Hearings**

The commission investigating the assassination of Benigno Aquino suspended hearings on Monday, pending a Supreme Court ruling on the legality of the proceedings. The US Embassy says the Court's deliberations probably will delay the commission's work for at least three weeks. [ ]

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**Comment:** The commission is faltering. Last week, Chief Justice Fernando stepped down as chairman until the Supreme Court rules on the legality of his participation in the commission, and the Deputy General Counsel performed poorly at the proceedings. If the commission is to maintain any credibility, President Marcos will have to act, possibly appointing a new chairman to replace Fernando. [ ]

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**President António Ramalho Eanes**

President since 1976 . . . 48 . . . self-described social democrat who is popular, diligent, tactiturn, austere, and ambitious . . . pro-NATO, pro-West, and sympathetic to Third World . . . was member of military group that ousted authoritarian regime in April 1974 . . . gained national prominence as leader who crushed attempted leftist military coup in November 1975 . . . prohibited by Constitution from running for presidency again in 1985.

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14 September 1983

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## **Special Analysis**

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### **PORTUGAL: President Eanes's Visit**

*President Eanes comes to Washington today in the unaccustomed role of concerned bystander. For some time the only real force for political stability in Portugal, Eanes recently has been somewhat overshadowed by the Socialist-Social Democrat coalition government that came to power earlier this year. Prime Minister Soares and his colleagues have shown a willingness rare in recent Portuguese governments to make hard decisions on the country's big problems, most of which are economic. Eanes may try to have a voice in policy toward Africa, but he is likely to give the government considerable latitude on other issues, unless it begins to seem inept.*

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Eanes often has played a pivotal role in Portuguese politics since he led the counter coup in 1975 that halted the country's drift toward the left. A succession of weak governments and the constitution's vagueness on the powers of the presidency allowed Eanes to accumulate considerable political power at the expense of the parties.

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Constitutional amendments passed last year theoretically curtailed his power, but in practice it took the advent of a strong government to begin redressing the balance of power between the president and the government. Eanes is far from powerless—he can still veto legislation and dismiss the government and assembly—but for now he is not the center of power.

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### **Austerity Under Scrutiny of the IMF**

Portugal is trying to cope with serious economic difficulties. The current account deficit last year soared to \$3.2 billion, compelling the government to seek a \$480 million IMF standby loan. Under the loan agreement signed last month, Lisbon has to lower its current account deficit to \$2 billion this year and cut its budget deficit from 12 percent to 8 percent of the gross national product.

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Cuts in imports and a small increase in exports during the first half of this year may enable Lisbon to meet its current account target. To reduce the budget deficit, however, Lisbon would have to increase taxes and cut public sector investment. Parliament convenes for a special session next week to consider the government's proposals, but even these measures will not guarantee the success of the stabilization program.

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The government also intends to attack serious structural problems in the economy. In moves that seem certain to prompt a clash with the Communists, Lisbon has disclosed plans to revise labor laws and to undertake extensive agricultural reforms. [ ]

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### **Still Negotiating Bases Agreement**

The Soares government now seems to want to conclude negotiations with the US on use of Portuguese military facilities. Perhaps underscoring its good will, Lisbon last week approved a US request to survey potential sites for a satellite tracking station. [ ]

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Foreign Ministry representatives seem prepared to accept the US aid offer already presented. Their military counterparts, however, want to hold out for additional compensation for the use of Portuguese facilities. As a military officer Eanes is probably sensitive to military concerns, but he seems to share the desire for a quick agreement and may be willing to try to persuade the military to accept the existing US aid offer. [ ]

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### **Portugal and Africa**

Apart from ties to the US, Portuguese-speaking Africa figures most prominently in Lisbon's thinking about foreign policy. Eanes has been the main proponent of strengthening Portugal's ties with its former colonies, but the policy is supported by a national consensus. The Portuguese believe it serves both their national interests and the West's by helping to diminish Soviet influence in Africa. [ ]

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Early this year, the Armed Forces General Staff created an ad hoc committee to deal with military training for and sales to the former colonies. Lisbon already is providing Mozambique with technical and educational aid and is training small numbers of Mozambican soldiers. The Portuguese have held discussions with Angola about possible similar assistance. [ ]

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Portugal's material assistance to African countries is limited by its meager financial resources. It is trying to compensate by making teachers and technicians available for participation in various development projects. It is also seeking financial backing for such projects from third parties such as the US and the EC. [ ]

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Eanes and previous governments—although in agreement on policy—frequently sparred over the President's interference in the government's conduct of foreign relations, particularly toward Africa. Soares, more than his predecessors, has a keen interest in foreign affairs and may try to assert the government's dominance in

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policymaking on Africa. For the moment, Eanes seems to be acquiescing, and Soares is organizing, with his support, a summit of Portuguese-speaking governments to be held in Lisbon this fall.

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### **Outlook**

Portugal needs a strong and stable government with the political will to carry out unpopular economic and political measures. The Socialist-Social Democrat coalition eventually could fall victim to the problems that felled its predecessors, but it has begun as Portugal's strongest government so far.

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If the government remains vigorous, even the longstanding animosity between Eanes and Soares is unlikely to give the President a pretext to play a more active role in the day-to-day governing of the country. If Soares falters, as he did in the late 1970s, Eanes is likely to find ways—the constitutional reforms notwithstanding—to retake the initiative.

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